

Message Text

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PAGE 01 STATE 007118
ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 STR-04 COME-00 AGRE-00 INT-05
FEA-01 CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-07 L-03
LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15
ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 /087 R

DRAFTED BY EB/OT/TA:TFO'HERRON:STM

APPROVED BY EB/OT/TA:DJDUNFORD

EB/ISM:CRUEBENSAAL:ACHEWITT

STR:TGRAHAM

COMMERCE:TGILLETT

EUR/RPE:ECASEY

AGRICULTURE:DAHALT

EB/ISM:ALKOBLER

BUMINES:WSTOWASSER

EB/OPB:TSCHLENKER

-----130159Z 023819 /60

R 122219Z JAN 77

FM SECSTATE WASHDC

TO AMEMBASSY PARIS

USMISSION EC BRUSSELS

USMISSION OECD PARIS

INFO AMEMBASSY DUBLIN

AMEMBASSY ROME

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E.O. 11652: N/A

TAGS: ETRD, EMIN, FR, EEC

SUBJECT: FRENCH RESTRICTIONS ON IMPORTS OF PHOSPHATE
FERTILIZER

REF: (A) 76 PARIS 37954 (B) 76 STATE 229912

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PAGE 02 STATE 007118

(C) PARIS 651

1. USG IS SURPRISED AT REFTEL REPORT THAT FRENCH HAVE
TRANSFORMED TECHNICAL VISA SYSTEM FOR PHOSPHATE FERTILIZER
IMPORTS INTO RESTRICTIVE QUOTA/LICENSING DEVICE, IN VIEW
OF ASSURANCE BY GOF DIRECTOR OF FOREIGN TRADE REGULATIONS
PREVEL THAT VISA ISSUANCE WOULD BE AUTOMATIC AND WOULD NOT

DELAY IMPORTS (76 PARIS 22681). WE WONDER IF THIS DEVELOPMENT IS RESULT OF CONSCIOUS GOF DECISION INVOLVING ALL INTERESTED MINISTRIES, OR IF MINISTRY OF INDUSTRY HAS ACTED ON ITS OWN. IF EMBASSY HAS REASON TO BELIEVE THAT OTHER MINISTRIES DID NOT PARTICIPATE IN THIS DECISION, EMBASSY SHOULD CALL IT TO ATTENTION OF TRADE MINISTRY (PERHAPS BY ASKING FOR DETAILS ON QUOTA SYSTEM) AND AGRICULTURE MINISTRY (PERHAPS BY ASKING FOR ESTIMATES OF FERTILIZER DEMAND IN 1977). WE BELIEVE THESE MINISTRIES MAY WELL LOOK MORE FAVORABLY ON LOW-PRICES FOR FERTILIZER THAN THE MINISTRY OF INDUSTRY. IF, HOWEVER, POLICY REPRESENTS FIRM GOF DECISION, EMBASSY SHOULD INFORM APPROPRIATE MINISTRIES OF U.S. DISAPPOINTMENT THAT VISA SYSTEM IS BEING USED AS A RESTRICTIVE DEVICE.

FYI: WE ARE NOT YET READY TO ASK GOF TO NOTIFY THE QUOTA SYSTEM TO GATT AND OECD SECRETARIATS, BUT MAY DO SO IN FUTURE. END FYI.

2. AS EXPLAINED IN REF (B), WE DO NOT AGREE WITH THE FRENCH AND EC ALLEGATIONS THAT THE WOES OF THE EC FERTILIZER PRODUCERS ARE PRIMARILY DUE TO DISCRIMINATORY PRICING PRACTICES OF U.S. PHOSPHATE ROCK AND FERTILIZER EXPORTERS. WHILE WE APPRECIATE THAT SOME PARTS OF THE FRENCH FERTILIZER INDUSTRY ARE IN DISTRESS, WE BELIEVE THAT THE PRINCIPAL CAUSE IS THE COMPETITIVE PRESSURE FROM LOWER-COST, VERTICALLY INTEGRATED FERTILIZER PROCESSORS, RATHER THAN DISCRIMINATORY PRICING OR ANY OTHER UNFAIR PRACTICE. FOREIGN PRESSURE WILL CONTINUE TO GROW AS LIMITED OFFICIAL USE

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PAGE 03 STATE 007118

NORTH AFRICAN PHOSPHATE ROCK PRODUCERS INCREASE THEIR CAPACITY TO PROCESS ROCK INTO ACID AND FINISHED FERTILIZER. THEY ARE ALREADY BEGINNING TO PENETRATE THE EUROPEAN MARKET FOR ACID WITH THE BENEFIT OF GSP.

3. FOR USEC: GIVEN APPARENT UNILATERAL ACTION BY FRANCE, WE REQUEST YOUR ESTIMATE AS TO LIKELIHOOD OF EASING OF FRENCH PRESSURE FOR EC ARTICLE XIX ACTION. DOES MISSION BELIEVE IRELAND AND ITALY WILL FOLLOW FRANCE IN UNILATERALLY RESTRICTING FERTILIZER IMPORTS?

4. FOR US OECD: USEC HAS SUGGESTED WE ASK OECD TO SPONSOR STUDY OR MULTILATERAL DISCUSSION OF WORLD FERTILIZER SITUATION. WASHINGTON AGENCIES CONSIDERING THIS IDEA AND SOLICIT YOUR VIEWS.
KISSINGER

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Message Attributes

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Copy: SINGLE
Sent Date: 12-Jan-1977 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
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